



*Creating Value, Building Businesses, Transforming Communities...*



## How Nutritious is Your Food?

Did you know that malnutrition kills 5 million children under the age of 5 every year - an average of 1 child every six seconds? According to the 2008 Demographic & Health Survey, 41% of Nigerian children under the age of 5 years are classified as stunted, 14% are wasted and 23% are underweight. By the age of 2-3 years, the effect of malnutrition becomes irreversible, therefore, combating malnutrition has to start with children within the first 2 years of life.

Sahel's work over the years has focused on addressing this challenge of malnutrition through our advisory and consulting projects for a range of clients. This newsletter highlights some of this pioneering work.

## Hunting for Good Nutrition

Sahel Capital was engaged by Global Alliance for Improved Nutrition (GAIN) in 2012 to perform an in-depth market landscape analysis on nutritious packaged foods in three key states in Nigeria – Anambra, Kano, and Lagos. The output of this study was geared towards refining GAIN's nutrition related interventions in Nigeria.

Sahel Capital gathered market data from over 560 supermarkets and informal market shops within the targeted states, as well as interviewed selected local manufacturers over a four month period. The result of the study showed that over 95% of packaged nutritious foods are either imported or produced by multinationals with operations in Nigeria. The most visible nutritious food products for children were multinational brands, like Nestle's Cerelac, Nutrend, and Golden Morn products, and Pfizer Wyeth Nutrition's range of SMA milk formula products.

Market share among local manufacturers is highly fragmented with most only having a presence in 1 – 3 states. Sixty-one (61) indigenous manufacturers of nutritious packaged food were identified whose products incorporated soy flour, cowpea flour, or beans flour. Most of these companies were small scale processors with less than five employees, had been in operation for less than five years, and tended to operate from or near the owners' homes. A few firms had relatively larger scale, the most prominent of which were Ayoola Foods, Amsel, Bejide Industries, Dala Foods, and Lisabi Mills.

There are a number of constraints faced by local manufacturers in the production and sale of packaged nutritious foods: (1) Product perception - Nigerian Consumers have an implicit preference for multinational and/or imported packaged nutritious food products influenced by perceptions (and possibly the reality) of product quality, and reinforced by large marketing budgets of these firms; (2) There is limited awareness of the importance of nutrition and which food products are the most nutritious, especially amongst lower income consumers; (3) Manufacturers face substantial hurdles building local supply chain capacity for agricultural raw materials required for their operations; and (4) SME indigenous manufacturers have limited distribution capacity outside of their core state/region versus well developed multinational sales and distributions networks.

As the cost of imported nutrient rich food escalates, a sense of urgency is needed to scale up the manufacturing and distribution of nutritious packaged food products in Nigeria. This is critical for Nigeria as a nation to ensure that all our children have access to the appropriate nutrition in their meals and not just those who can afford imported packaged foods for their infants.



## A Complete Meal for All Budgets: Soybeans and Cowpeas

Sahel Capital and the U.K. based Institute for Development Studies (IDS) collaborated in 2013 to carry out a market research study analyzing the potential for private sector contributions to strengthening linkages between agriculture and nutrition, with a focus on improving the nutrition of low income consumers.



Over a 5-month period, Sahel Capital evaluated 15 commodity value chains which included bio-fortified garri, cowpea, groundnuts, orange-fleshed sweet potato, green leafy vegetables, poultry, dried fish, plantain, custard and soya beans. Soybeans, cowpeas, and complementary food products were identified as having the highest potential for improving nutrition after a scoring exercise based on six criteria including nutritional quality, affordability, consumer acceptability, external signaling, potential for support from development actors, and clear business interest from processors.

In-depth research on the priority value chains were conducted to gain a thorough understanding of the products and opportunities for these products to address nutritional challenges faced by the poor. The team engaged in targeted interviews with key actors across the value chain including private companies, wholesalers, retailers, consumers and development partners.

It was discovered that developing a viable commercial business selling nutrient-dense food products to the bottom of the pyramid consumers is a challenge. Mid-size, indigenous businesses – acting alone – face significant challenges in the development, production and marketing of nutrient-rich foods to reach poor and undernourished populations. Case studies of two Nigerian food-processing businesses revealed a tension between producing fortified, nutrient-rich foods, and marketing these products to poor populations. Reaching these populations is costly, particularly given the need to build distribution networks, generate demand and signal to consumers that products are of high nutritional quality.

Clearly, Public-private partnerships between businesses, public agencies and non-profit organizations are required to develop sustainable food-based strategies to reduce under-nutrition.

## Sprinkles in Your Diet



According to USAID's Infant & Young Child Nutrition Project, in Nigeria only 55% of children under 2 years old are fed with more than three food groups and only 30% of children are fed according to overall Infant & Young Child Feeding ("IYCF") practices, stipulated by UNICEF.

To directly address this challenge, and enhance the nutritional status of all Nigerians, Bio-Organics Nutrient Systems Limited, a Sahel Capital client, recently launched **Enrich**. This pioneering product is a micronutrient powder in a 1g sachet comprised of a blend of vitamins and essential minerals. **Enrich** can be sprinkled onto ready-to-eat food like pap (ogi), custard, instant noodles, and garri, conveniently supplementing the low nutrient content of these foods and ensuring children get the essential nutrition required for growth.



# Industry Highlights & Sahel News

## NAFDAC and GAIN Kick-Off Food Fortification Campaign

On 27<sup>th</sup> February 2014, the National Agency for Food & Drug Administration & Control (NAFDAC) organized an event at Ojuwoye market in Mushin, Lagos, in collaboration with GAIN, to flag-off the Food Fortification Social Marketing Campaign in Nigeria. The event was attended by key representatives of various government agencies, food & beverage manufacturers, trade associations, development partners, and market traders.



L-R: Mrs. Oguchukwu Mainasara (Director, Food Safety & Applied Nutrition, NAFDAC), Larry Umunna (Country Manager, Nigeria, GAIN), Mezuo Nwuneli (M.D., Sahel Capital)

The nationwide campaign is focused on increasing awareness about the level of nutrition in packaged food in order to significantly reduce the micronutrient deficiencies among vulnerable and at-risk people within the country.

## Sahel Capital at the Borderless Conference 2014

Sahel Capital's partner, Mrs Ndidi Nwuneli served on the introductory panel of the Borderless Conference entitled "Enabling growth: Perspectives and challenges", which was held in Lagos on February 26-27, 2014. In this discussion panel, she shared Sahel Capital's perspective on Agriculture being a tool to enable growth in the trans-border trade in West Africa, stressing that Agriculture coupled with "Authentic Leadership" marked by integrity and accountability, and also resolving issues of currency barriers among the countries are important drivers towards economic growth in West Africa.

The objective of the Borderless Conference is to bring together various stakeholders involved in trans-border trade in the West-African sub-region, with the vision of eliminating barriers to trade for competitive trade in West Africa.

## Upcoming Events

- **Nigeria Summit 2014:** Sahel Capital will be speaking at the Economist Nigeria Summit scheduled to hold on March 24 & 25, 2014. The Summit will identify the steps required in transforming Nigeria's economic growth into social and political prosperity.
- **Global Conference on Bio fortification:** Sahel Capital will be participating in the Global Conference on Bio fortification in Kigali, Rwanda. The summit holding from March 31 to April 2, 2014 aims to explore challenges faced in getting critical bio nutrients to the African population and create opportunities to improve nutrition through bio fortification.
- **AVCA's 11th Annual Conference 2014:** Sahel Capital will be participating in the African Private Equity & Venture Capital Association annual conference on March 31st to April 2nd, 2014 in Lagos, Nigeria. The theme of the conference is Private Capital, a Catalyst for Change.
- **The Lagos Economic Summit 2014:** Sahel Capital will be speaking at the 7th Lagos State Economic Summit which will hold on April 9, 2014. The summit will explore how to harness electricity to grow the agriculture sector.

### Contact Information

#### Office Address

Plot 14, Block 43A

Chris Maduiké Drive

Lekki Phase I, Lagos

Nigeria

#### Phone

+234-1-628-2670

#### Website:

[www.sahelcp.com](http://www.sahelcp.com)

#### Email

[info@sahelcp.com](mailto:info@sahelcp.com)